

# Athabasca Minerals Inc. Announces Record Revenue and Strong Net Income During Q3 2014

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EDMONTON, ALBERTA--(Marketwired - Oct 22, 2014) - [Athabasca Minerals Inc.](#) ("Athabasca" or the "Corporation") (TSX VENTURE:ABM) is pleased to announce its financial results for the three and nine months ended August 31, 2014 which includes record revenue and the second highest quarterly net income. The Corporation's unaudited interim financial statements and management's discussion and analysis ("MD&A") for the three and nine months ended August 31, 2014 are available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Athabasca Minerals website at [www.athabascaminerals.com](http://www.athabascaminerals.com).

## Q3 2014 Highlights

- Highest quarterly sales revenue in Corporation's history of \$9,326,884 during Q3 2014;
- Second highest quarterly net income in Corporation's history;
- Delivery of 2,871,110 tonnes from the Susan Lake pit in Q3 2014, a 11.9% decrease from Q3 2013 delivery of 3,259,127;
- Delivery of 203,985 tonnes of aggregates from corporate-owned pits in Q3 2014, a 175.8% increase from Q3 2013 delivery of 73,951 tonnes;
- Revenue from corporate-owned pits of \$5,982,196 in Q3 2014, a 206.1% increase from Q3 2013 revenue of \$1,954,643;
- Received approval for the right to work and remove sand from Phase One of the Firebag Frac Sand Project from Alberta Environment and Sustainable Resource Development (ESRD); and
- Corporation added to the S&P / TSX Venture Exchange Select Index.

President and CEO Dom Kriangkum states, "We are pleased to see the demand for aggregates in the Fort McMurray region increase during Q3 2014, and anticipate continuing strength during Q4 2014, when demand for aggregates is traditionally highest during the second half of the year. We have realized some significant recent success from implementing a number of cost reduction opportunities in extraction and processing that we targeted in the first half of 2014. Having received the Firebag Phase One permit approval presents a great opportunity for the development of our frac sand for use by Western Canadian pressure pumps. We await Firebag's Preliminary Economic Assessment that we expect in Q4 2014, which will further validate the viability of the project."

## Financial Highlights and Operating Review

	Q3 and Nine Months Ended August 31			
	Q3 2014	Q3 2013	Q3 YTD 2014	Q3 YTD 2013
Aggregate management fees	\$ 3,344,688	\$ 3,620,506	\$ 5,425,813	\$ 7,536,545
Net aggregate sales	\$ 5,982,196	\$ 1,954,643	\$ 10,805,234	\$ 11,000,678
Total revenue	\$ 9,326,884	\$ 5,575,149	\$ 16,231,047	\$ 18,537,223
Aggregate operating expenses	\$ 4,905,626	\$ 3,190,078	\$ 12,691,173	\$ 12,831,973
Gross profit	\$ 4,421,258	\$ 2,385,071	\$ 3,539,874	\$ 5,705,250
Total aggregate tonnes sold	3,075,095	3,333,078	5,071,664	7,207,080
Net (loss) income from land use agreement	\$ (79,412)	\$ 35,904	\$ (79,412)	\$ (233,108)
Net income (loss) from aggregate operations	\$ 1,685,156	\$ 1,023,558	\$ (763,941)	\$ 1,765,433
Net income (loss) and comprehensive income (loss)	\$ 1,605,744	\$ 1,059,462	\$ (843,353)	\$ 1,535,325
Basic income (loss) per common share	\$ 0.049	\$ 0.038	\$ (0.027)	\$ 0.054

A \$3,751,735 increase in Q3 2014 revenue compared to Q3 2013 was the main reason for Q3 2014 net earnings of \$1,605,744, an increase of \$546,282 or 51.6% over Q3 2013 net earnings.

Corporate-owned aggregate operations generated Q3 2014 revenue of \$5,982,196, a 206.1% increase over

Q3 2013 revenue of \$1,954,643. Although revenue from corporate-owned pits increased substantially over the comparative quarter, revenue from corporate-owned pits for the Q3 YTD 2014 decreased by 1.8% to \$10,805,234 from Q3 YTD 2013 revenue of \$11,000,678.

Aggregate management fees from Susan Lake during Q3 2014 were \$3,344,688, a decrease of 7.6% from Q3 2013 Susan Lake aggregate management fees of \$3,620,506. Aggregate operating expenses during Q3 2014 were \$4,905,626, an increase of 53.8% over Q3 2013 aggregate operating expenses of \$3,190,078. Of the \$1,715,548 increase in aggregate operating expenses over the comparative quarter, \$876,349 of that amount is due specifically to increased hauling costs for the 175.8% greater tonnage volume sold from corporate pits. The next largest expense increase resulted from higher cost of sales associated with the higher volume of aggregates removed from inventory for sales made during Q3 2014.

The unsold inventory at August 31, 2014 had a cost of \$9,959,762, a reduction of \$388,965 from Q2 2014 ending inventory of \$10,348,727. Management is actively pursuing and bidding on gravel contracts that may commence during Q4 2014 and continue into fiscal 2015. Contract fulfillment would come from both existing gravel inventories and from new inventory production. Currently processed and stockpiled inventory of 493,000 tonnes of gravel and 457,000 tonnes of sand is located across five corporate pits and stockpile sites.

Third quarter 2014 was the strongest from a gross revenue perspective relative to any other on record. This was a result of a large gravel sales order at the Kearl pit, which was completed during Q4 2014. In addition, the Corporation opened the Km248 aggregate operation, which produced at a record daily average rate with improved cost per tonne compared to earlier production at corporate-owned pits. Sales from the Km248 pit commenced in Q3 2014 and continue into Q4 2014.

Beginning in Q2 2014 and continuing into the third quarter management undertook a review of operating parameters and operational performance which included benchmarking key performance indicators and implementing cost control measures. These initiatives have resulted in a reduction in input costs and a reduction in cost per tonne for inventory being produced and subsequently sold. These measures are expected to improve future profit margins on sales. During Q3 2014, these efficiencies resulted in processed product cost savings sometimes greater than 20% compared to their lowest previous production costs. The Corporation continues to identify opportunities for improved cost efficiencies, an ongoing priority for aggregate production and operations.

Athabasca is also actively pursuing its Firebag frac sand project which aims to provide frac sand for use in Western Canada that exceeds API and ISO specifications. The sand will be transported by highway trucks to the Lynton transloading terminal onto railcars. It will then be railed to the Corporation's processing facility near Edson before final shipping to customers.

## **Operational Update**

### **Susan Lake Public Pit**

Q3 aggregate demand at the Susan Lake Pit increased significantly compared with the first half of the year, and aggregate demand is expected to remain active through Q4 2014. Management continues to work with ESRD regarding a potential boundary change. A detailed soil analysis program has been completed and management will continue to work with ESRD to maximize resource recovery in the Susan Lake pit.

### **Corporate-Owned Pits**

Management is focused on opportunities to sell its existing aggregate inventory, and is actively negotiating with various customers who have expressed interest for the purchase of aggregates from its corporate-owned aggregate operations and stockpile sites. The Corporation is well-positioned to supply regional customers through its current inventory mix at multiple locations.

- Over 137,000 tonnes of processed gravel and 406,000 tonnes of processed sand available for immediate delivery at the Kearl pit following the successful turnover of the majority of Kearl pit gravel on hand at Q2 2014;

- Commenced operations at Km248 aggregate operation;
- Promote sales of inventory produced at Cowper and Km248 pits under agreement between Athabasca and DeneCo Aggregates Ltd. (Deneco);
- 84,000 tonnes of aggregates available for delivery from Km248 pit;
- Actively market existing inventory of 121,000 tonnes of aggregate available for sale from the corporate-owned Logan pit; and
- Actively market existing inventory of 68,000 tonnes of aggregate from the Conklin stockpile site which is available for year round sales and delivery.

#### Firebag Project (Frac Sand)

Athabasca is developing a major frac sand deposit in order to supply frac sand to oil and gas customers in Western Canada. This deposit is strategically located north of Fort McMurray and is accessible by Highway 63.

- On August 25, 2014 the Corporation received permit approval from ESRD to develop Phase One of the Firebag Project;
- The Corporation will continue to work on approvals for Phase Two of the Firebag Project consisting of a 420 acre parcel of adjacent land;
- On September 23, 2014 Athabasca filed a National Instrument 43-101 ("NI 43-101") technical report advising of a 45 million tonne inferred resource estimate covering Phase One and Phase Two of the Firebag Project to a depth of 15 meters;
- The Corporation has retained Norwest Corporation to complete a Preliminary Economic Assessment with completion expected prior to the end of Q4 2014;
- Management initiated and continued discussions with pressure pumpers operating in Western Canada for introduction of Firebag Project frac sand.

#### Outlook

Athabasca's primary source of revenue is generated through the supply and delivery of aggregates to oil sands and infrastructure projects located in Northern Alberta within the Wood Buffalo region. Activity has traditionally been busiest during the third and fourth quarters following the slower first half of the year. Athabasca has experienced significant increased demand for aggregates beginning in June 2014, with strong demand expected to continue through the end of 2014.

With its recent successful implementation of operating cost initiatives, and more targeted savings expected in the future, management intends for future aggregate production with improved efficiency. Management has been actively pursuing and bidding on new aggregate contracts with new and existing clients. Athabasca also continues its active strategy designed to identify and develop new corporate-owned aggregate operations primarily within the Wood Buffalo region, with close proximity to oil sands and infrastructure projects. With each development project Athabasca strives for a responsible and measured approach, with a focus on delivering high quality products in a safe and efficient manner.

Athabasca is currently progressing on a number of initiatives including the following:

- Effective execution of efficiency objectives across all aggregate operations, and for continued reduction of input costs and a reduction of processing costs per tonne at corporate-owned operations;
- Focus on increasing sand and gravel sales from corporate-owned aggregate operations and stockpile sites;
- Crushing at Kearn aggregate operation until seasonal closure in anticipation of Q4 2014 and fiscal 2015 aggregate demand;
- Pursue potential new opportunities within currently established joint venture agreements that support the Corporation's aggregate growth strategy;
- Completion of Preliminary Economic Assessment for the Firebag Project during Q4 2014 being performed by Norwest Corporation;
- Continue discussions for the Lynton, Alberta transloading facility with a major railway company and the municipality of Fort McMurray for frac sand;
- Continue engineering work surrounding the Edson/Hinton transloading and storage facility.

The complete financial statements for Athabasca for the three and nine months ended August 31, 2014 and

Management's Discussion & Analysis for the same periods are available for viewing on the Corporation's website at [www.athabascaminerals.com](http://www.athabascaminerals.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

## About Athabasca Minerals

The Corporation is a resource company involved in the management, exploration and development of aggregate projects. These activities include contracts works, aggregate pit management, aggregate production and sales from corporate-owned pits, new aggregate development and acquisitions of sand and gravel operations. The Corporation also has industrial mineral land holdings for the purpose of locating and developing sources of industrial minerals and aggregates essential to high growth economic development.

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